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The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Velk Industries, Inc.

File: B-230722

Date: June 6, 1988

DIGEST

The General Accounting Office will not disturb an agency's decision that a technical proposal is unacceptable where the record shows that offeror, after discussions and review of its revised proposal, failed to sufficiently assure the performance and design of its offered equipment and services as required by solicitation.

DECISION

Velk Industries, Inc., protests the determination that its proposal, submitted in response to request for proposals (RFP) No. N00024-87-R-4323(Q), issued by the Department of the Navy, was technically unacceptable, and contests the possibility that the contract may be awarded at a higher price than that offered by Velk.

We deny the protest.

The RFP sought offers for 128 quiet air reducing manifolds, engineering services, support, data and selected replacement repair parts to reduce the noise level of submarine throttling and the detection of submarines during undersea operations. The RFP contemplated a firm, fixed-price contract and provided that proposals were to be evaluated upon technical and price factors, with the technical proposal the more important factor in determining award. The RFP also listed four major technical criteria, including operating characteristics, technical considerations, special quality conformance inspection, and service capabilities. Evaluation subcriteria were listed under each of these major criteria including a requirement for a drawing package depicting the proposed design and materials. The RFP stated that the weight given to the offeror's response to each item would be determined by the level of performance and/or assurance offered to establish a sufficient level of

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confidence by the Navy in the adequacy, merit and feasibility of the design and performance factors listed in the technical subcriteria. These subcriteria included the interchangeability of parts, extended service life of replenishment and other parts, maintainability, use of a minimal number of parts, prevention of ice formation that may impede functioning and the ease with which adjustments can be made. In addition, section L of the solicitation provided detailed instructions concerning proposal preparation.

The Navy received offers from four firms, three of which were included in the competitive range and these firms were given the opportunity to participate in discussions and to submit revised proposals. The fourth offeror was excluded from the competitive range for failure to submit a technical proposal. Velk's proposal was initially included in the competitive range based upon its competitive price; however, the firm was asked to address a number of questions in the discussions since its proposal was found to be deficient or weak in 15 of the 16 technical criteria and subcriteria. After the revised proposals were evaluated, the Navy downgraded Velk's technical score based upon its written responses to the Navy's discussion questions and subsequently found Velk's proposal technically unacceptable. Velk protests this determination.

The record shows that during the initial evaluation, the Navy found, overall, that the proposal submitted by Velk was not detailed or specific, which caused the Navy to seriously question whether Velk fully understood the technical requirements of the RFP and whether Velk would be able to perform in accordance with the RFP and the Navy's needs. The Navy, in conducting discussions with Velk, posed a series of questions concerning the deficient areas, to which the firm was expected to respond in its revised proposal. The Navy found in evaluating the revised proposal, however, that Velk had not adequately addressed the Navy's concerns, and in many cases failed to address the RFP's technical requirements in other than general terms. Following the evaluation of the offerors' revised proposals, the Navy found Velk's revised proposal deficient in numerous respects and found that the revisions and clarifications provided by Velk highlighted Velk's apparent lack of technical understanding of many of the Navy's requirements. The contracting officer, given the significant technical deficiencies in Velk's revised proposal, determined that Velk did not have a reasonable chance for award of the contract since it scored substantially below the technical proposals of the other two higher-rated offerors. The contracting officer then notified Velk that its proposal would no longer be considered for award.

The overall determination of the relative desirability and technical adequacy of offered equipment is primarily the function of the procuring agency which, we have recognized, enjoys a reasonable range of discretion in proposal evaluation. Consequently, we will question an agency's technical evaluation only where the record clearly shows that the evaluation was conducted arbitrarily or in violation of procurement laws or regulations. DDL Omni Engineering, B-220075, et al., Dec. 18, 1985, 85-2 CPD ¶ 684.

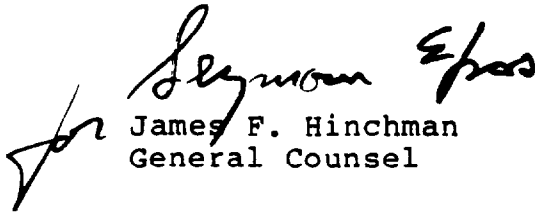
Our review of the record confirms that, in many instances, Velk did not adequately address the requirements of the RFP in its initial proposal or in its revised proposal. The record generally indicates that in its revised proposal, Velk did not provide new information, as requested, concerning any application or test experience to support many of the procedures it proposed or to clearly indicate that it could adequately meet the technical requirements. For example, the Navy questioned the proposed interchangeability and unit-to-unit consistency of Velk's proposed equipment. Velk's response failed to identify in sufficient detail its design approach, which was unsupported by any actual applications or previous test results which would establish that its design offered satisfactory interchangeability and unit-to-unit consistency. In our view, the Navy reasonably downgraded Velk for this deficiency.

The evaluation of Velk's revised proposal also showed that, in most instances, no information was provided to warrant a change in its original technical score and, in other areas, the information provided caused its technical score to be downgraded. For example, with regard to service capabilities, Velk's original offer referred to a team of experts available to respond to ship servicing requirements. The evaluators initially found this reference to a team of experts vague with no indication of the team's number, their experience in servicing this type of equipment, or the physical capabilities of the team approach with regard to, for example, access to tools and spare part inventories. In its revised proposal, Velk submitted a report on its experience of working on the USS Baltimore which the agency evaluators considered to only marginally answer the concerns it posed during the discussions. The response did not establish Velk's technical ability to provide the services required or explain its team approach in detail. Additionally, in the areas of maintainability and dome integrity tests, the agency found the narrative portions of Velk's proposal offered evidence of a minimum number of parts to ensure the ability to easily disassemble the units for maintenance, as well as the ability to meet dome integrity tests, but in both areas, the drawings submitted by Velk contradicted these findings since they clearly depicted a

much more complex unit than that presented in the narratives. Because these inconsistencies in Velk's proposal, the Navy reasonably could not be assured of the adequacy, merit and feasibility of the design and performance factors of Velk's proposal.

In sum, our analysis of Velk's proposal and the evaluation materials simply provides no basis on which to object to the Navy's evaluation of the firm's proposal or the Navy's finding the proposal technically unacceptable after the protester failed to correct the deficiencies pointed out by the agency. See Inco, Inc., B-213344, June 29, 1984, 84-1 CPD ¶ 686. Further, since the Navy properly concluded that the proposal was technically unacceptable, the fact that Velk's proposal may have been lower in cost is irrelevant. See Advanced Electromagnetics, Inc., B-208271, Apr. 5, 1983, 83-1 CPD ¶ 360.

The protest is denied.


James F. Hinchman
General Counsel